

Snohomish County
Fleet Services
2014 Fleet (ER&R) Supplement

As indicated in the Finance Department's 2014 Budget Instructions, *"Vehicle and equipment charges (ER&R) will be rolled forward from 2013 to 2014. ER&R will provide detail rate information to all departments. Changes to update your rates need to be made in priority packages. Departments will be responsible to revise their rates as appropriate."*

ER&R Overview

- Overall ER&R rates decreased by 1% for 2014.
- The cost to departments for replacement reserves remains relatively flat (overall decrease of 1%) as vehicle replacement schedules were reconfigured to reduce costs (-6.7%); offset by the implementation of a 6% administrative fee to recover overhead.
- Fuel cost to departments decreased by 8.18% due to projected decrease in fuel rates (-12.4%) offset by implementation of a new fuel price structure.
- Parts cost increased by 18.5% due to implementation of a new parts price structure.
- Slight increase in labor rates (approx 2.5%), which is more than offset by downward trend in labor usage. 2014 shop rates will be:
 - Auto/Light-Duty/RadioShop, \$97.50
 - Diesel/Heavy Equipment Shop, \$117.50
 - Small Gas Powered Equipment, \$60.00
- Fuel prices are projected to decrease slightly to \$3.65/gallon gasoline and \$4.05/gallon diesel.

ER&R Rate Basis

For 2014, ER&R continues the process started in 2013 to create a more equitable and transparent rate structure. The separation of gasoline and diesel fueled vehicles for purposes of calculating rental rates is maintained, as are individual shop rates for heavy-equipment and light-duty/police fleet vehicles.

Replacement: ER&R rental rates are comprised of several components. A replacement cost component is based on the projected replacement cost in the year the asset is scheduled to be replaced, billed incrementally over the life of the asset. Funds collected are placed into the ER&R fund to pay for future replacements. Remaining life projections were updated based on current utilization and extension of the expected life span for certain types of vehicles and equipment, resulting in an overall decrease in the replacement rate.

Operation and Maintenance: Rates also include an O&M (operation and maintenance) component based on the cost of operating and maintaining the asset (fuel, preventive maintenance, and repairs... things like oil changes, tire replacement, brake replacement, etc.). The 2014 O&M rate is based on 2012 expenditures for fuel, parts and labor, adjusted for 2014 prices; and is based on 2012 utilization. Based on the US Energy Information Administration (EIA) projections, Fleet is

estimating \$3.65/gallon for gasoline and \$4.05 for diesel. The O&M cost for county vehicles is largely comprised of the price of fuel. Utilization is measured in terms of miles driven, hours of use, etc.; and utilization projections for 2014 are based on 2012 actual utilization. **If you anticipate a change in utilization, your department's budget may need to reflect that change accordingly. Please consult with Fleet Services.**

Historically, mark-ups on parts and fuel have been used to fund the indirect cost of providing ER&R services. Beginning in 2014, ER&R will implement new pricing structure for parts, following automotive marketplace models. Because ER&R purchases parts in large volumes, the price paid is significantly less than retail price. The 2014 methodology for parts pricing is aimed at creating a price structure that yields a price to the customer at or below retail price, while at the same time generating the necessary revenue to fund ER&R's operations. Fuel prices are established in a similar manner.

Motor Pool/ER&R Services

If your department uses re-renter vehicles, Motor Pool, or other ER&R services, you will need to make appropriate adjustments the ER&R cost calculations provided to you to reflect that usage. Summary and detail files that may be helpful in calculating these cost adjustments have been provided.

Additional or Enhanced Vehicles/Equipment

If you plan to purchase additional fleet equipment in 2014 please contact Roy Scalf, Fleet Services Director, directly (x 6061) for assistance in developing a cost estimate. Equipment valued over \$50,000 should be included in your CIP, under \$50k should be listed as "Other Capital" (see Exec. Order 08-02C, section 5.6). Additional vehicle/equipment needs should be included in a priority package from your department. For your convenience, attached is the justification form for additional/enhanced equipment. We encourage departments to review their vehicle utilization, and make use of Motor Pool vehicles before adding vehicles.

Note: It is possible that some vehicles may need to be redeployed from one department to another to reduce 2014 costs. Your department may be asked to use a redeployed vehicle rather than getting a new one to reduce the need to expend capital and to fully utilize existing resources.

If you have questions regarding equipment, vehicles, or rate structures, please call Roy Scalf, Fleet Services Director, at extension 6061. Rate questions should first be directed to James Lee, Fiscal Resource Analyst at extension 6066. For budget related questions, please refer to your budget analyst.

New and Replacement Equipment Request Form

Department/Division _____ Date _____

Contact Name _____ Phone _____

Please check the appropriate box

Equipment Type	Definitions
<input type="checkbox"/> New	Additional equipment for the Department's/Division.
<input type="checkbox"/> Replacement	Comparable or "downsized" replacement equipment or vehicle.
<input type="checkbox"/> Enhanced	Replacement equipment, but other capabilities are now requested.
<input type="checkbox"/> Renter	A vehicle replaced, but retained for temporary use.

Equipment Requirements- Check all that apply

- | | | | | |
|---|--|--|--|----------------------------------|
| <input type="checkbox"/> 2-Wheel Drive | <input type="checkbox"/> Diesel | <input type="checkbox"/> Two-Door | <input type="checkbox"/> Automobile | <input type="checkbox"/> Pickup |
| <input type="checkbox"/> 4-Wheel Drive | <input type="checkbox"/> Gas | <input type="checkbox"/> Four-Door | <input type="checkbox"/> Station Wagon | <input type="checkbox"/> Flatbed |
| Maximum No. of Passengers _____ | <input type="checkbox"/> Sport Utility | <input type="checkbox"/> Passenger Van | <input type="checkbox"/> Cargo Van | |
| <input type="checkbox"/> Equipment (Specify type _____) | | | | |

Maximum Payload _____

Date Required _____ End Date _____ (Required for renters)

List other job requirement options or features desired.

Justification (Be specific regarding benefits (savings/operational) the equipment provides):

Department Approval

☐ Yes ☐ No

Fleet Manager Review

☐ Yes ☐ No

Executive Approval

Director

Fleet Manager

Additional Comments: (Fleet Manager/Executive Only)
